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[By Mr. Boyce.]

MINORITY REPORT ON THE CURRENCY.

As I am unable to concur with the majority of the committee, I am compelled to submit my own views.

It is admitted by all that the currency is in a deplorable condition. It is depreciated to such an extent that the Government can collect nothing by taxation but its own paper, depreciated as compared with specie to the extent of two thousand per cent. Its credit, measured, as it must be by the depreciation of the currency, is almost exhausted. Under this State of affairs, the Government is in a condition of financial paralysis. It can ot pay its armies in the field, except in worthless paper. It cannot pay its employees. It cannot purchase subsistence for its armies, and is compelled, to prevent their disbanding from starvation, to resort to the odious system of impressments, which is filling the land with execrations. It is evident, therefore, we are travelling a road, which is leading as fast as possible to a precipice. We must get out of this road as quick as possible. We cannot afford delays. Present action is imperative. We must adopt a prompt and efficacious remedy. We must get rid of the 800,000,000 of treasury notes which block up our way. How is this to be done? I propose to do it, by a very simple process—by recurring to the truth—by realizing that they are depreciated—that they only represent a value of five cents on the dollar, 40,000,000. I propose that they be treated by the Government, in all its dealings, according to their value in specie. Thus the problem is solved and we are at once in possession of our resources.

There are only two sources by which the Government can obtain values—one by credit, the other by taxation. What has destroyed our credit? Setting aside the prejudicial influence of military disasters, that which, in my opinion, has impaired our credit more than all other causes combined, is the magnitude of our debt and the velocity with which it is increasing. A debt already amounting to $1,100,000,000 and increasing as ours is, creates universal distrust as to the ability or

the willingness of the country to pay it. I know that the opinion is generally expressed that our loss of credit is owing to the excessive issues of the currency, more than is necessary as a circulating medium. But that this opinion is erroneous, is obvious, from this fact, that the bond debt is of as little value as the notes in circulation, which is evident from the fact that the currency is not funded in bonds, which the holders have had constantly the privilege of doing. If the bonds were more valuable than the treasury notes in circulation, the holders would have funded them in bonds. The bonds and the currency are alike depreciated. To restore our credit, we must reduce the amount of our debt, and arrest its gigantic increase. The plan which I propose accomplishes both of these purposes—reduction of the debt and slowness of its future increase, more effectually than any plan proposed. At the stroke of a pen, we find, by reverting to reality, that we owe 40,000,000 outstanding notes, instead of 800,000,000, and, as I shall explain in a subsequent part of this report, I propose to place the Government in a position to buy what it has to buy as cheaply as possible, thus arresting the velocity with which we are running in debt.

But our great resource is our taxing power. The great desideratum for us is to get the most efficient use of this power with the least delay. My plan accomplishes this purpose more completely than any other. We take full and perfect possession of our taxing power at once, with no incumbrance except the $40,000,000 of specie value in outstanding treasury notes, which we could rapidly absorb in taxes. I propose that the taxes shall be payable in specie or outstanding treasury notes at their specie value. But to avoid the difficulty in payment of taxes from the scarcity of specie and to furnish the Government with present means, I propose that the Treasury Department issue certificate receivable in payment of the taxes. With these certificates the Government can meet its present wants. I propose to let the Government anticipate the taxes for two years by issuing certificates of taxes for that period. These certificates supplying the office of specie will be very nearly of the value of specie. At any rate no paper obligation we can issue will approximate so nearly to the value of specie as the tax certificates. We cease the indefinite issue of paper and confine it to a limited amount for a specific purpose. We concentrate in these tax certificates the total financial vitality of the Government. When we have done this, we can do no more on this line.

As taxation alone will not furnish sufficient means to carry on the Government, I propose to give the Secretary of the Treasury authority to issue six per cent. bonds, strengthened by every possible appliance to meet the deficiency. Such, in brief, are the outlines of my plan.

It may be objected that it is unjust to the holders of the existing treasury notes. Undoubtedly it would be unjust to them if they had received their treasury notes at par. But such is not the case. Very few, if any, persons hold treasury notes which they received at par, because persons do not hoard a paper currency, which is constantly

depreciating. The present holders, as a general rule, have received treasury notes at their depreciated rates. The injury is, therefore, more apparent than real, when we propose to treat the notes according to their actual value. The holders have received them in a general sense with reference to their real value. The loss incurred by the depreciation of these notes has already been experienced by those through whose hands they have passed The present holders only fail to make an enormous profit, but experience only a small loss. It is very evident that th re is no way by which we can can get rid of the outstanding treasury notes with so little individual hardship as by taking the course I suggest.

It may be further objected that such a measure as I propose would jar seriously on the business machinery of society. But it does not so occur to me, for I propose to make no change in the value of the notes, but simply to recognize the fact and the extent of their depreciation. Thus, business arrangements will not be disturbed. And when we consider the fact that there are very few executory contracts based on the existing currency, we see how little danger there is of any derangement of affairs.

It may be further objected that what I propose is bankruptcy of the State. If this be so, then I am not alarmed at even this horrible word. I put it on the ground of State necessity. We cannot stagger under a debt of $1,000,000,000 and carry on the war. To attempt to do this is to sink ourselves in a Serbonian bog, from which we can never escape. I wish the Government to deal candidly with the people, to make known our necessities, and to appeal to their intelligence and patriotism to sustain us in a measure necessary for the public safety. But I deny that, in a just sense, what I propose is bankruptcy. We have issued $800,000,000 of currency payable two years after the war. This currency, depreciated to such an extent that it is worth only five cents in specie on the dollar, is now a millstone around our neck. We must get rid of it at once; we propose to deal with it according to its real value. Can we, in the eminent danger in which we find ourselves, in which our success depends in a large degree, on our financial ability, can we, I say, be required to do more than this? I think not.

By the plan which I propose, we put ourselves at once in the best financial position that is possible to us.

We vitalize our credit to the maximum extent, because we at once diminish our debt to its maximum limit.

We attain instantly the fullest possible developement of our taxing power. We get actual values.

We furnish the Government with the means of paying its employees, and its army in a valuable currency—an advantage which can scarcely be over-rated; for a Government which does not pay its army or its employees, has already the death-rattles in its throat.

Further, we give the Government a good currency with which it can buy cheap. We arrest the velocity with which our debt is increasing. We put ourselves as nearly as possible on the specie basis. To illustrate the advantages of this, suppose the Government carried

on upon a specie basis, and that its annual expenses are $200,000,000, and its taxation amounts to half this sum; at the end of the year its debt is $100,000,000. Suppose the same Government, carried on upon a currency inflated four hundred per cent. by excessive issues of paper money: its expenses would be $800,00,000, its receipts from taxation $400,000,000, and its debt at the end of the year would be $400,000,000. By adopting my plan, we would put the Government as nearly as possible on a specie basis, the advantages of which I have just illustrated.

I further propose to give the Secretary of the Treasury authority to sell cotton, tobacco, and naval stores, to strengthen his financial condition. By levying a tax in kind on these leading articles, very considerable values might be placed in the hands of the Secretary, by which he might retire tax certificates, if they exhibited a tendency to depreciation, or supply himself with tax certificates if the Treasury became pressed for means.

All of which is respectfully submitted.

WILLIAM W. BOYCE, *Chairman.*

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